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Reagan's Plan to Loosen Reins on CIA Raises Fears of Corporate Infiltration

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WASHINGTON—The Reagan administration has kicked up a fuss by proposing to give the Central Intelligence Agency new freedom to infiltrate and influence domestic organizations. To worried civil libertarians, the proposal conjures up images of CIA agents joining and subverting dissident political groups.

But some lawmakers and analysts warn that the Reagan plan would open the door to CIA infiltration of some other important organizations: U.S. corporations.

In its quest for information about foreign countries, these analysts say, the CIA could be tempted to plant agents in U.S. companies with overseas operations. Or the CIA might decide to place an agent to sabotage business deals abroad that the government decided weren't in the nation's best interest.

Such moves would be possible under the controversial proposal made by the Reagan administration, critics say. "The focus of much of the commentary has been on the threat it poses to political groups," says Kenneth Bass, who oversaw intelligence policy for the Justice Department during the Carter administration. "My experience makes me think the most likely targets for that activity would be multinationals."

Members of the Senate Intelligence Committee share his concern. The committee has recommended that the Reagan administration change its plan, and Senate staff members say that worries about business privacy weighed heavily in the Senators' decision to protest. "Their concern is wide and deep," says one Senate aide. "This is a big issue, this business infiltration."

Economic Intelligence

The proposed changes are part of a draft executive order on intelligence agencies the Reagan administration has submitted to Congress for comment. The proposed order would allow the CIA to join domestic organizations and, with the Attorney General's approval, try to influence their activities.

The current executive order on intelligence, signed by President Carter, specifically bans attempts by intelligence agencies to influence domestic organizations. It allows infiltration of domestic groups, but only under carefully defined procedures that are eliminated under the Reagan proposal.

CIA officials assert that they generally aren't interested in domestic spying. And Mr. Bass acknowledges that the Reagan administration mightn't have infiltration of businesses in mind. "It's probably much more innocuous than is its intention," he says.

But he notes that U.S. foreign-policy makers are increasingly concerned about international economic matters. Eventually, he worries, the CIA "would find that it was being asked increasingly to provide economic intelligence to policy makers, and would find that the easiest way to respond would be to come inside into American corporations."

For example, intelligence analysts say, the CIA might decide it would like information about the Soviet Union's probable food needs in future years. One way to get information would be to have an agent in a grain-marketing company that does business with the Soviet Union.

Or, congressional aides say, the CIA might decide that it would like to stop sales of U.S. products to unfriendly countries. It might be tempted to hire operatives inside a company to try to sabotage such transactions.

'Not Far-Fetched'

"It's not far-fetched," says Jay Peterzell, research associate at the Center for National Security Studies, a research group that has warned in the past of the risk of business surveillance. "Corporations go against what the government thinks is the national interest all the time."

Over the years, though, some companies have cooperated with the CIA voluntarily—and very quietly. They have shared information or allowed CIA analysts to talk to employees who have been abroad.

But CIA infiltration of companies would be dramatically different, analysts say, because the businesses wouldn't be aware of the CIA's activities. "No matter how patriotic the business concern, there has got to come a point where it feels there is information it can't share with the CIA," Mr. Bass says.

The Reagan administration's proposals still could be altered before they take effect. The draft executive order won't be official unless President Reagan signs it. And there are signs the administration may heed the objections Congress is expressing over the domestic infiltration proposal and other plans to loosen restrictions on domestic CIA activities.

Late last week, Rep. Edward Boland (D., Mass.), chairman of a House Intelligence subcommittee, sent a letter to Adm. Bobby R. Inman, the CIA's deputy director, urging that the agency's domestic covert action be restricted in scope, approved by the President and reported to Congress. Rep. Boland also objected to allowing the CIA to infiltrate domestic organizations. Among other things, he prefers maintaining a distinction between the CIA, which conducts intelligence-gathering operations overseas, and the Federal Bureau of Investigation's domestic activities.

Rep. Don Edwards (D., Calif.), chairman of a House subcommittee on constitutional rights, said last week that he has "reason" to believe the administration soon will propose a new draft reflecting some of the changes recommended by the Senate Intelligence Committee. But, notes one Intelligence Committee staff member, "there are no guarantees" that Congress' suggestions will be followed.